

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

DOCKET NO. 2010-7-G

In the Matter Of)	
)	
Election of Piedmont Natural Gas)	COMMENTS OF
Company, Inc. for Application of)	PIEDMONT NATURAL GAS
The Natural Gas Rate Stabilization)	COMPANY, INC.
Act to Its Rates and Charges)	

Piedmont Natural Gas Company, Inc. ("Piedmont"), pursuant to Section 58-5-455(4) of the S.C. Code of Laws, hereby submits the following written comments on the *Report of Office of Regulatory Staff Examination of Piedmont Natural Gas Company's Monitoring Report* ("ORS Audit") prepared and filed in this proceeding by the Office of Regulatory Staff ("ORS") on September 1, 2010.

Piedmont has carefully reviewed the September 1, 2010 ORS Audit and the proposed adjustments to Piedmont's June 15, 2010 Quarterly Monitoring Report contained therein and consistent with the Settlement Agreement filed in this docket on September 1, 2010, Piedmont hereby advises the Commission that Piedmont has no objection to or comments on the findings and adjustments reflected in the ORS Audit. Piedmont further confirms its agreement, as part of an overall settlement with the ORS, to implement rates beginning with the first billing cycle of November, 2010 based upon the ORS audit results and a return on equity of 11.3% in lieu of the existing approved rate of return on equity adopted in Piedmont's last general rate case.

Revised rates and charges incorporating the ORS Audit adjustments and reflecting a rate of return on equity of 11.3% are attached hereto as Exhibits A and B.

Respectfully submitted this 15th day of September, 2010.

PIEDMONT NATURAL GAS COMPANY, INC.

/s/ James H. Jeffries IV
James H. Jeffries IV

OF COUNSEL:
Moore & Van Allen PLLC
Suite 4700
100 North Tryon Street
Charlotte, North Carolina 28202-4003
T: (704) 331-1079
F: (704) 339-5879

EXHIBIT A

Piedmont Natural Gas Company, Inc.
Quarterly Rate Stabilization Filing - Settlement Rates
12-Months Ending March 31, 2010

PROPOSED REVENUE CALCULATIONS

(dekatherms) Rate Schedule	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (3)	Proforma Bills (4)	Proposed Margin Rate (5)	Proposed Demand Rate (6)	Proposed Commodity Rate (7)	Total Proposed Rates (8)	Total Proposed Revenue (9)
Residential Service - Value 201									
Bills - Winter	192,497			192,497	\$ 10.00			\$ 10.00	\$1,924,970
Bills - Summer	293,959			293,959	\$ 8.00			\$ 8.00	\$2,351,672
DTs - Winter	2,481,112	(259,148)	2,221,964		\$4.1939	\$0.2219	\$5.6991	\$10.1149	\$22,474,944
DTs - Summer	854,470	15,194	869,664		\$3.7062	\$0.2222	\$5.6991	\$9.6275	\$8,372,690
Residential Service - Standard 221									
Bills - Winter	394,595			394,595	\$ 10.00			\$ 10.00	\$3,945,950
Bills - Summer	513,726			513,726	\$ 8.00			\$ 8.00	\$4,109,808
DTs - Winter	3,837,633	(451,540)	3,386,093		\$4.1939	\$2.2903	\$5.6991	\$12.1833	\$41,253,787
DTs - Summer	736,436	30,533	766,969		\$3.7062	\$2.8062	\$5.6991	\$12.2115	\$9,365,842
<u>TOTAL RESIDENTIAL</u>									
Bills	1,394,777			1,394,777					
DTs	7,909,651	(664,961)	7,244,690						\$93,799,663
Small General Service - Standard 202									
Bills	118,205			118,205	\$ 22.00			\$ 22.00	\$2,600,510
DTs - Winter	1,941,525	(219,409)	1,722,116		\$3.3760	\$2.1042	\$5.6991	\$11.1793	\$19,252,051
DTs - Summer	323,456	(5,193)	318,263		\$3.2554	\$1.8569	\$5.6991	\$10.8114	\$3,440,869
Small General Service - Value 232									
Bills	48,251			48,251	\$ 22.00			\$ 22.00	\$1,061,522
First 200	1,058,277	(52,296)	1,005,981		\$3.3760	\$1.4775	\$5.6991	\$10.5526	\$10,615,715
Over 200	287,863	(14,226)	273,637		\$3.3760	\$1.1661	\$5.6991	\$10.2412	\$2,802,371
DTs - Winter	1,346,140	(66,522)	1,279,618						
First 200	1,042,558	(1,918)	1,040,640		\$3.2554	\$0.5986	\$5.6991	\$9.5531	\$9,941,338
Over 200	111,138	(204)	110,934		\$3.2554	\$0.3144	\$5.6991	\$9.2689	\$1,028,236
DTs - Summer	1,153,696	(2,122)	1,151,574						
Medium General Service - Standard 252									
Bills	138			138	\$ 75.00			\$ 75.00	\$10,350
DTs - Winter	84,750	(10,883)	73,867		\$3.3760	\$1.8500	\$5.6991	\$10.9251	\$807,004
DTs - Summer	11,588	929	12,517		\$3.2554	\$1.5271	\$5.6991	\$10.4816	\$131,198
Medium General Service - Value 262									
Bills	992			992	\$ 75.00			\$ 75.00	\$74,400
First 500	182,384	(10,811)	171,573		\$3.3760	\$1.1331	\$5.6991	\$10.2082	\$1,751,451
Over 500	248,057	(14,703)	233,354		\$3.3760	\$0.7764	\$5.6991	\$9.8515	\$2,298,887
DTs - Winter	430,441	(25,514)	404,927						
First 500	236,780	5,061	241,841		\$3.2554	\$0.2867	\$5.6991	\$9.2412	\$2,234,901
Over 500	165,725	3,543	169,268		\$3.2554	\$0.0283	\$5.6991	\$8.9828	\$1,520,501
DTs - Summer	402,505	8,604	411,109						

Piedmont Natural Gas Company, Inc.
Quarterly Rate Stabilization Filing - Settlement Rates
12-Months Ending March 31, 2010

PROPOSED REVENUE CALCULATIONS

(dekatherms) Rate Schedule	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (3)	Proforma Bills (4)	Proposed Margin Rate (5)	Proposed Demand Rate (6)	Proposed Commodity Rate (7)	Total Proposed Rates (8)	Total Proposed Revenue (9)
Small General Service - Motor Fuel 242									
Bills	25			25	\$ 22.00			\$ 22.00	\$550
DTs - Winter	3,760		3,760		\$1.2058	\$1.3764	\$5.6991	\$8.2813	\$31,138
DTs - Summer	468		468		\$1.2058	\$1.0316	\$5.6991	\$7.9365	\$3,714
<u>TOTAL COMMERCIAL</u>									
Bills	167,611			167,611					
DTs	5,698,329	(320,110)	5,378,219						\$59,606,706
Large General Service - Sales 203									
Bills	121			121	\$ 250.00			\$ 250.00	\$30,250
Demand DTs	23,533	0		23,533	\$5.0000	\$12.9812	\$0.0000	\$17.9812	\$423,152
First 1,500	67,227	0	67,227		\$1.8569	\$0.8065	\$5.6991	\$8.3625	\$562,186
Next 1,500	39,386	0	39,386		\$1.2998	\$0.6568	\$5.6991	\$7.6557	\$301,527
Next 7,500	27,279	0	27,279		\$0.9285	\$0.6304	\$5.6991	\$7.2580	\$197,991
Next 16,500	0	0	0		\$0.5571	\$0.2818	\$5.6991	\$6.5380	\$0
Next 33,000	0	0	0		\$0.1857	\$0.1000	\$5.6991	\$5.9848	\$0
Over 60,000	0	0	0		\$0.0000	\$0.0000	\$5.6991	\$5.6991	\$0
DTs - Winter	133,892	0	133,892						
First 1,500	66,974	0	66,974		\$1.1141	\$0.6393	\$5.6991	\$7.4525	\$499,124
Next 1,500	22,543	0	22,543		\$0.7428	\$0.5216	\$5.6991	\$6.9635	\$156,978
Next 7,500	5,276	0	5,276		\$0.5571	\$0.7416	\$5.6991	\$6.9978	\$36,920
Next 16,500	0	0	0		\$0.3714	\$0.2818	\$5.6991	\$6.3523	\$0
Next 33,000	0	0	0		\$0.1857	\$0.0500	\$5.6991	\$5.9348	\$0
Over 60,000	0	0	0		\$0.0000	\$0.0000	\$5.6991	\$5.6991	\$0
DTs - Summer	94,793	0	94,793						
Large General Service - Transportation 213									
Bills	436			436	\$ 250.00			\$ 250.00	\$109,000
Demand DTs	86,612			86,612	\$5.0000	\$0.9651	\$0.0000	\$5.9651	\$516,649
Standby DTs				0	\$0.0000	\$12.0161	\$0.0000	\$12.0161	\$0
First 1,500	242,578	0	242,578		\$1.8569	\$0.5416	\$0.0991	\$2.4976	\$605,863
Next 1,500	171,616	0	171,616		\$1.2998	\$0.4316	\$0.0991	\$1.8305	\$314,143
Next 7,500	137,475	0	137,475		\$0.9285	\$0.3382	\$0.0991	\$1.3658	\$187,763
Next 16,500	77,701	0	77,701		\$0.5571	\$0.2777	\$0.0991	\$0.9339	\$72,565
Next 33,000	0	0	0		\$0.1857	\$0.1000	\$0.0991	\$0.3848	\$0
Over 60,000	0	0	0		\$0.0000	\$0.0000	\$0.0991	\$0.0991	\$0
DTs - Winter	629,370	0	629,370						
First 1,500	321,862	0	321,862		\$1.1141	\$0.5692	\$0.0991	\$1.7824	\$573,687
Next 1,500	171,046	0	171,046		\$0.7428	\$0.4574	\$0.0991	\$1.2993	\$222,240
Next 7,500	152,537	0	152,537		\$0.5571	\$0.3843	\$0.0991	\$1.0405	\$158,715
Next 16,500	61,063	0	61,063		\$0.3714	\$0.2446	\$0.0991	\$0.7151	\$43,666
Next 33,000	0	0	0		\$0.1857	\$0.0500	\$0.0991	\$0.3348	\$0
Over 60,000	0	0	0		\$0.0000	\$0.0000	\$0.0991	\$0.0991	\$0
DTs - Summer	706,508	0	706,508						

Piedmont Natural Gas Company, Inc.
Quarterly Rate Stabilization Filing - Settlement Rates
12-Months Ending March 31, 2010

PROPOSED REVENUE CALCULATIONS

(dekatherms)	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (3)	Proforma Bills (4)	Proposed Margin Rate (5)	Proposed Demand Rate (6)	Proposed Commodity Rate (7)	Total Proposed Rates (8)	Total Proposed Revenue (9)
Rate Schedule									
Interruptible Service - Sales 204									
Bills	217			217	\$ 250.00			\$ 250.00	\$54,250
First 1,500	111,871	0	111,871		\$1.8569	\$1.5705	\$5.6991	\$9.1265	\$1,020,991
Next 1,500	66,358	0	66,358		\$1.2998	\$1.3584	\$5.6991	\$8.3573	\$554,574
Next 7,500	57,718	0	57,718		\$0.9285	\$1.1554	\$5.6991	\$7.7830	\$449,219
Next 16,500	11,802	0	11,802		\$0.5571	\$1.7267	\$5.6991	\$7.9829	\$94,214
Next 33,000	0	0	0		\$0.1857	\$1.0844	\$5.6991	\$6.9692	\$0
Over 60,000	0	0	0		\$0.0000	\$0.4000	\$5.6991	\$6.0991	\$0
DTs - Winter	247,749	0	247,749						
First 1,500	150,173	0	150,173		\$1.1141	\$0.7845	\$5.6991	\$7.5977	\$1,140,969
Next 1,500	74,813	0	74,813		\$0.7428	\$0.6609	\$5.6991	\$7.1028	\$531,382
Next 7,500	71,271	0	71,271		\$0.5571	\$0.5628	\$5.6991	\$6.8190	\$485,997
Next 16,500	0	0	0		\$0.3714	\$0.5506	\$5.6991	\$6.6211	\$0
Next 33,000	0	0	0		\$0.1857	\$0.2000	\$5.6991	\$6.0848	\$0
Over 60,000	0	0	0		\$0.0000	\$0.1000	\$5.6991	\$5.7991	\$0
DTs - Summer	296,257	0	296,257						
Interruptible Service - Transportation 214									
Bills	644			644	\$ 250.00			\$ 250.00	\$161,000
First 1,500	375,306	0	375,306		\$1.8569	\$0.5390	\$0.0991	\$2.4950	\$936,388
Next 1,500	334,039	0	334,039		\$1.2998	\$0.4280	\$0.0991	\$1.8269	\$610,256
Next 7,500	739,515	0	739,515		\$0.9285	\$0.3160	\$0.0991	\$1.3436	\$993,612
Next 16,500	279,895	0	279,895		\$0.5571	\$0.2067	\$0.0991	\$0.8629	\$241,521
Next 33,000	75,850	0	75,850		\$0.1857	\$0.1089	\$0.0991	\$0.3937	\$29,862
Over 60,000	0	0	0		\$0.0000	\$0.0000	\$0.0991	\$0.0991	\$0
DTs - Winter	1,804,605	0	1,804,605						
First 1,500	518,442	0	518,442		\$1.1141	\$0.5674	\$0.0991	\$1.7806	\$923,138
Next 1,500	386,147	0	386,147		\$0.7428	\$0.4493	\$0.0991	\$1.2912	\$498,593
Next 7,500	763,758	0	763,758		\$0.5571	\$0.3331	\$0.0991	\$0.9893	\$755,586
Next 16,500	255,660	0	255,660		\$0.3714	\$0.2156	\$0.0991	\$0.6861	\$175,408
Next 33,000	73,315	0	73,315		\$0.1857	\$0.2528	\$0.0991	\$0.5376	\$39,414
Over 60,000	10,886	0	10,886		\$0.0000	\$0.0000	\$0.0991	\$0.0991	\$1,079
DTs - Summer	2,008,208	0	2,008,208						
TOTAL INDUSTRIAL									
Bills	1,418			1,418					
Demand	110,145			110,145					
DTs	5,921,382	0	5,921,382						\$14,709,872
Outdoor Gaslight Service - Rate 205									
Fixtures	47	0	47		\$ 15.00			\$ 15.00	\$705
DTs - Winter	16	0	16						
DTs - Summer	22	0	22						
Annual Revenues From Special Contracts								\$	1,392,942

TOTAL ALL RATE SCHEDULES

TOTAL BILLS	1,563,806		1,563,806						
TOTAL WINTER DTs	12,940,993	(1,033,016)	11,907,977						
TOTAL SUMMER DTs	6,588,407	47,945	6,636,352						
ANNUAL TOTAL DTs	19,529,400	(985,071)	18,544,329					REVENUE \$	169,509,888
TOTAL SALES DTs	14,380,709	(985,071)	13,395,638						
TOTAL TRANSPORTATION DTs	5,148,691	0	5,148,691						
ANNUAL TOTAL DTs	19,529,400	(985,071)	18,544,329						

EXHIBIT B

Piedmont Natural Gas Company, Inc.
Quarterly Rate Stabilization Filing - Settlement Rates
12-Months Ending March 31, 2010

WNA Factors

	Base Rate (\$/therms)	Demand (\$/therms)	Commodity	"R" Value (\$/therms)	Heat Factor (therms/DDD)	Base Factor (therms/mo.)
<u>Residential</u>						
Value Rate - 201	1.01149	0.02219	0.56991	0.41939	0.18290	17.00334
Standard Rate - 221	1.21833	0.22903	0.56991	0.41939	0.15118	4.37544
<u>Commercial</u>						
Rate 202 - Standard	1.11793	0.21042	0.56991	0.33760	0.63898	2.11807
Rate 232 - Value						
First 2,000 therms	1.05526	0.14775	0.56991	0.33760	0.49051	374.06997
Over 2,000 therms	1.02412	0.11661	0.56991	0.33760	0.49051	374.06997
Rate 252 - Standard	1.09251	0.18500	0.56991	0.33760	22.42185	85.26368
Rate 262 - Value						
first 5,000 therms	1.02082	0.11331	0.56991	0.33760	6.57808	6513.03138
over 5,000 therms	0.98515	0.07764	0.56991	0.33760	6.57808	6513.03138

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the attached *Comments of Piedmont Natural Gas Company, Inc.* are being served this date via email and UPS Overnight (5 copies) upon:

Nanette S. Edwards
Office of Regulatory Staff
1401 Main Street
Suite 900
Columbia, South Carolina 29201
nsedwar@regstaff.sc.gov

And that a copy of the attached *Comments of Piedmont Natural Gas Company, Inc.* are being served this date via email and U.S. Mail upon:

David Carpenter
Managing Director Regulatory Affairs
Piedmont Natural Gas Company, Inc.
P.O. Box 33068
Charlotte, North Carolina 28233
david.carpenter@piedmontng.com

Pia Powers
Manager, Regulatory Affairs
Piedmont Natural Gas Company, Inc.
P.O. Box 33068
Charlotte, North Carolina 28233
pia.powers@piedmontng.com

This the 15th day of September, 2010.

s/ James H. Jeffries IV
James H. Jeffries IV